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Rural Economic and Community Development

Rural Business and Cooperative Development Service

Cooperative Services

The Rural Economic and Community Development (RECD) mission area was created in 1994 as a result of the reorganization of the U.S. Department of Agriculture. RECD consists of three new services, including the Rural Business and Cooperative Development Service (RBCDS). The mission of RBCDS is to enhance the quality of life for all rural Americans by providing leadership in building competitive businesses and cooperatives that can prosper in the global trading marketplace. RBCDS accomplishes this mission by investing its financial resources and technical assistance in businesses, cooperatives, and communities, and by building partnerships that leverage public, private, and cooperative resources to stimulate rural economic activity. This fact sheet focuses on the Cooperative Services programs of RBCDS. Most of these services were formerly offered through USDA's Agricultural Cooperative Service, which has been merged into RBCDS.

What Is a Cooperative?

User-owned cooperatives process and market products, purchase production supplies or consumer goods, provide housing and credit, build and operate rural utilities, and provide other services needed by rural residents. By working together for their mutual benefit in cooperatives, rural residents are often able to reduce costs, obtain services that might otherwise be unavailable, and achieve greater returns for their products. Cooperatives, both rural and urban, have been part of the American economy for more than 100 years. By one estimate, nearly one-third of the population belongs to some type of cooperative. Application of the cooperative business structure in rural economies is virtually limitless.

How USDA Helps Rural Cooperatives

The Cooperative Services program of RBCDS helps rural residents form new cooperative businesses and improve the operations of existing cooperatives. To accomplish this, Cooperative Services provides technical assistance, conducts cooperative-related research, and produces information products to promote public understanding of cooperatives.

For most of the past century, USDA's cooperative assistance has been concentrated on agricultural cooperatives. While agricultural marketing and supply cooperatives remain a primary focus of USDA's efforts, RBCDS plans to gradually expand the cooperative program to include assistance to all types of rural cooperatives.

Cooperative Development Assistance

Cooperative Services (CS) provides a wide range of assistance for people interested in forming new cooperatives. This help can range from an initial feasibility study to the creation and implementation of a business plan. CS staff includes cooperative development specialists who do everything from identifying potential cooperative functions through developing bylaws. They also provide training for cooperative directors.

CS strives to provide a realistic view of what it will take to make a new cooperative succeed. Staff members may also work in conjunction with cooperative development specialists located at many of USDA's Rural Economic and Community Development State Offices around the Nation. Recent examples of rural cooperatives CS has helped form include a cooperative for rural women who produce handcrafted gift items, a vegetable growers' cooperative which provides increased market access for its members, and a sea divers' cooperative which harvests and processes sea urchins for export to Asia.

Technical Assistance

CS provides technical assistance to existing cooperatives facing specific problems or challenges. Technical assistance could include helping a cooperative develop a strategic

marketing plan to cope with new competitive forces, helping a co-op make a crucial decision whether to merge or form a joint venture with other cooperatives, or in finding a way to turn the raw products of cooperative members into value-added products. These matters are often life-and-death issues not only for a cooperative, but for the rural communities in which they operate.

CS can help improve a cooperative's business structure and operating efficiency. This work often involves analyzing operations, assessing the economic feasibility of new facilities, or adding new products or services. Studies cover the full range of decisions facing cooperative business enterprises. Technical assistance is largely designed to benefit a specific cooperative business or group. However, the results often provide business strategy for all cooperatives.

Research

CS conducts research to provide a knowledge base necessary to support cooperatives dealing with changing markets and business trends. Studies include financial, structural, managerial, policy, member governance, legal, and social issues, as well as various other economic activities of cooperatives.

Research is designed to have direct application to current and emerging requirements of cooperatives. A major challenge is to analyze industry structure and cooperative operational practices to determine the changes required to maintain or achieve a producer-oriented marketing system. Recent research studies have focused on equity redemption plans used by cooperatives, identification of new niche markets for cooperatives, and opportunities and obstacles cooperatives face when exporting goods overseas.

Education and Information

The Cooperative Marketing Act of 1926 mandates that USDA "...promote the knowledge of cooperative principles and practices and cooperate in promoting such knowledge with educational and marketing agencies, cooperative associations, and others." To meet this goal, CS provides a wide range of cooperative training programs and educational materials.

CS maintains a storehouse of information about cooperatives which it makes available to the public through more than 150 research reports, educational publications, and videos which cover all aspects of cooperative operations. A monthly magazine, *Farmer Cooperatives*, reports significant achievement by cooperatives, thoughts of cooperative leaders, and highlights of Agency research, technical assistance, and educational activities.

History and Statistics



Cooperative statistics are collected to detect growth trends and changes in structure and operations. Data help identify and support research and technical assistance activities. This information is used extensively by legislative and executive branches of government in formulating agricultural and cooperative-related policy.

For More Co-op Information

For further information or assistance for cooperatives, contact:

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